The Impact of Assisted Outpatient Treatment on Patterns of Service Utilization and Medicaid Costs

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In 1999, Kendra's Law established Assisted Outpatient Treatment (AOT) in New York State for individuals with mental illness, poor engagement in treatment, and a history of hospitalizations or violence. The goal of the AOT Program is to enable these individuals to live safely in the community, avoid repeated inpatient hospitalizations, and ensure they have access to comprehensive outpatient services. The AOT program provides all recipients with either an ACT team or an Intensive Case Manager, both of which are high cost outpatient services. We are not aware of any studies of the impact of providing AOT services on Medicaid costs.

Objective

This study examined the impact of AOT on the utilization of services received by AOT recipients and the associated Medicaid cost changes prior, during and following AOT.

Method

Medicaid claims data were extracted for AOT recipients (n=634) by recipient, date of service, category of service, amount paid, etc. for those recipients who had claims 6 months prior AOT, during AOT, and 6 Months following AOT. Recipients were grouped by their prior AOT inpatient Medicaid cost. Their service patterns and Medicaid costs were compared for prior, during and post AOT.

Results

Our analyses suggest recipient service patterns changed during and following AOT when compared to service prior to AOT. The data show that utilization of outpatient services and associated costs increase upon enrollment

AT 8

in AOT, and remain high after graduation from AOT. However, total costs are lower during AOT enrollment, due to decreased utilization of emergency and inpatient services. Cost savings are sustained after graduation from AOT.

Conclusion

We have previously reported that AOT improved outcomes and engagement in services for recipients. These new findings indicate that although AOT recipients are provided with high intensity, high cost outpatient services, total Medicaid costs are lower after enrollment in the program, and that cost savings are sustained after graduation from AOT.